

**LODI CITY COUNCIL  
REGULAR CITY COUNCIL MEETING  
CARNEGIE FORUM, 305 WEST PINE STREET  
WEDNESDAY, APRIL 16, 2003**

**C-1    CALL TO ORDER / ROLL CALL**

The City Council Closed Session meeting of April 16, 2003, was called to order by Mayor Hitchcock at 6:03 p.m.

Present: Council Members – Beckman, Hansen, Howard, Land, and Mayor Hitchcock

Absent: Council Members – None

Also Present: City Manager Flynn, City Attorney Hays, and City Clerk Blackston

**C-2    ANNOUNCEMENT OF CLOSED SESSION**

- a) Conference with Labor Negotiator, Human Resources Director Joanne Narloch, regarding Fire Mid-Management, Police Mid-Management, United Firefighters of Lodi (UFL), Association of Lodi City Employees (ALCE) regarding General Services (GS) and Maintenance and Operators (M&O) pursuant to Government Code §54957.6

**C-3    ADJOURN TO CLOSED SESSION**

At 6:03 p.m., Mayor Hitchcock adjourned the meeting to a Closed Session to discuss the above matter.

The Closed Session adjourned at 6:57 p.m.

**C-4    RETURN TO OPEN SESSION / DISCLOSURE OF ACTION**

At 7:05 p.m., Mayor Hitchcock reconvened the City Council meeting, and City Attorney Hays disclosed the following action.

In regard to Item C-2 (a), all units were mentioned during the discussion and Council gave direction as requested by the negotiators.

**A.    CALL TO ORDER / ROLL CALL**

The Regular City Council meeting of April 16, 2003, was called to order by Mayor Hitchcock at 7:05 p.m.

Present: Council Members – Beckman, Hansen, Howard, Land, and Mayor Hitchcock

Absent: Council Members – None

Also Present: City Manager Flynn, City Attorney Hays, and City Clerk Blackston

**B.    INVOCATION**

The invocation was given by Pastor Steve Jarrett, New Hope Community Church.

**C.    PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mayor Hitchcock.

**D.    AWARDS / PROCLAMATIONS / PRESENTATIONS**

D-1 (a) Mayor Hitchcock presented Certificates of Recognition from Governor Davis, Congressman Pombo, Senator Machado, Assemblyman Nakanishi, Assemblywoman Matthews, Assemblyman Houston, and Assemblyman Aghazarian to Frank Beeler, Assistant Water/Wastewater Supervisor, and Kathy Grant representing the "Storm Drain Detective" Program in recognition of having received the San Joaquin Council of Governments Regional Excellence Award for 2002.

D-2 (a) Mayor Hitchcock presented a proclamation to Alan MacIsaac, District Manager from Central Valley Waste Services, proclaiming April 22, 2003, as "National Clean Your Files Day" in the City of Lodi.

- D-2 (b) Mayor Hitchcock presented a proclamation to Police Chief Adams and Police Volunteer Supervisor Jeanie Biskup, representing the Lodi Police Partners, proclaiming April 27 – May 3, 2003, as “National Volunteers Week” in the City of Lodi.
- D-2 (c) Mayor Hitchcock presented a proclamation to John Stroh, Manager of the San Joaquin County Mosquito and Vector Control District, proclaiming the week of April 28 – May 4, 2003, as “Mosquito and Vector Control and West Nile Virus Awareness Week” in the City of Lodi.
- D-2 (d) Mayor Hitchcock presented a proclamation to Donna Shaw, representing the Lodi Memorial Hospital, proclaiming Saturday, May 10, 2003, as “Walk for the Health of It” day in the City of Lodi.
- D-3 (a) Cynthia Haynes, Community Promotions Coordinator, presented Mayor Hitchcock with a check in the amount of \$10,000 as the quarterly payment from the All Veteran’s Plaza Foundation. She reported that it was the fourth payment on a loan of \$450,000, which brings the remaining balance to \$410,000. Ms. Haynes reported that a fundraising event will be held on April 23 at the Veterans Plaza. Representatives of the Textile Tarts displayed a quilt that will be raffled off at the 4<sup>th</sup> of July Oooh Ahhh Festival.
- D-3 (b) Cynthia Haynes, Chairperson of the United Way of San Joaquin County Lodi Area Community Council, announced that \$25,000 is available to be awarded in the form of mini-grants to health and human service programs in the Lodi area.
- D-3 (c) Carly Casey, member of the Greater Lodi Area Youth Commission, acknowledged the teen of the month, Ira Heinzen from Lodi Academy High School.
- D-3 (d) Following introduction by Management Analyst Janet Hamilton, Mayor Hitchcock presented a Certificate of Recognition to John Vera who is retiring from the Human Services Agency.

Mayor Hitchcock announced that on April 27 a dedication ceremony will be held at Kofu Park to dedicate the Masato “Mauch” Yamashita Baseball Field.

Council Member Land introduced student Julio Cecchetti, a member of the Lodi Boys and Girls Club who was job shadowing for the day.

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E. CONSENT CALENDAR

Council Member Hansen acknowledged the family of Sharon Wegener for their donation of up to \$10,000 for construction of a dog watering station at Vinewood Park.

Council Member Land stated that he met with staff earlier regarding Item E-7 and was told that the wash bay matter would be going back to the 2x2 Committee. Staff informed him that regarding Item E-9 they sent out 13 bids and only received one back. He also recognized the family of Sharon Wegener for their donation and noted that staff will inquire whether a Certificate of Appreciation could be presented at a future meeting.

In accordance with the report and recommendation of the City Manager, Council, on motion of Council Member Land, Beckman second, unanimously approved the following items hereinafter set forth **except those otherwise noted**:

- E-1 Claims were approved in the amount of \$2,246,340.14.
- E-2 The minutes of March 11, 2003 (Shirtsleeve Session), March 18, 2003 (Shirtsleeve Session), March 19, 2003 (Regular Meeting), March 25, 2003 (Shirtsleeve Session), April 1, 2003 (Shirtsleeve Session), April 1, 2003 (Special Meeting), and April 3, 2003 (Special Joint Meeting with the Lodi Conference and Visitors’ Bureau) were approved as written.
- E-3 Approved the plans and specifications for the White Slough Water Pollution Control Facility Aeration Blower Replacement project and authorized advertisement for bids.

- E-4 Approved the specifications for twenty 3-phase sectionalizing module enclosures and authorized advertisement for bids.
- E-5 Adopted Resolution No. 2003-56 approving the specifications for Various Street Maintenance Activities, Fiscal Year 2003-04, authorizing advertisement for bids, and authorizing the City Manager to award the contracts and appropriate funds.
- E-6 Adopted Resolution No. 2003-57 approving specifications for Traffic Signal Preventive Maintenance and Repair Program, Fiscal Year 2002-03, for City Traffic Signal Systems, authorizing advertisement for bids, and authorizing the City Manager to award the contract.
- E-7 Adopted Resolution No. 2003-58 rejecting all bids and authorizing redesign and readvertisement for bids for City of Lodi/Lodi Unified School District Wash Bay.
- E-8 Adopted Resolution No. 2003-59 awarding the contract for Fire Station #3 Reroof, 2141 South Ham Lane, to Western Single Ply, of Loomis, in the amount of \$24,989; and appropriated funds in accordance with staff recommendation.
- E-9 Adopted Resolution No. 2003-60 awarding the contract for Fire Station #3 Air Conditioning Replacement, 2141 South Ham Lane, to All Bay Mechanical, of Santa Clara, in the amount of \$19,140.78; and appropriated funds in accordance with staff recommendation.
- E-10 Adopted Resolution No. 2003-61 awarding the contract for Salas and Legion Playground Improvements Project, 2001 South Stockton Street and 835 South Hutchins Street, to AM Stephens Construction Company, of Lodi, in the amount of \$44,453.40; and appropriated funds in accordance with staff recommendation.
- E-11 Accepted improvements under the "Hutchins Street Square Senior Center Carpet Replacement, 125 South Hutchins Street" contract.
- E-12 "Adopt resolution to amend Resolution 2002-255 to: 1) rescind the improvement agreement for Woodhaven Park, Unit No. 3, Tract 3187, executed by J. C. Custom Homes, Inc., and 2) approve the improvement agreement for Woodhaven Park, Unit No. 3, Tract 3187, executed by Fletcher Organization, Inc." was ***pulled from the agenda pursuant to staff's request.***
- E-13 Adopted Resolution No. 2003-62 approving an agreement between the City of Lodi and Spare Time, Inc., dba Twin Arbor Athletic Club, for use of pools at Twin Arbor Athletic Club facilities for the period of June 2 to July 27, 2003.
- E-14 Accepted donation of up to \$10,000 from the estate of Sharon Wegener for construction of a dog watering station at Vinewood Park.
- E-15 Adopted Resolution No. 2003-63 authorizing the purchase of hazardous materials gas detector for Fire Department Hazardous Materials Team (using Asset Seizure funds of \$2,500).
- E-16 Adopted Resolution No. 2003-64 authorizing the destruction of the following Human Resources records:
- Personnel employment records of separated full-time employees (over five years old)\*
  - Applications for employment from expired eligible lists (over two years old)
  - Examination files (over five years old)
  - General Liability files (over five years old)\*
  - Workers Compensation files (over five years old)\*
- \*Microfilm copy of records will be retained.*

- E-17 "Adopt resolution approving Memorandum of Understanding between City of Lodi and Lodi City Mid-Management Association" was ***pulled from the agenda pursuant to staff's request.***
- E-18 Adopted Resolution No. 2003-65 approving revised class specifications for Fire Division Chief and Fire Battalion Chief.
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F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

G. PUBLIC HEARINGS

- G-1 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Hitchcock called for the public hearing to consider the Planning Commission's recommendation of approval to the City Council for the rezoning of 1331 and 1349 East Kettleman Lane from U-H, Unclassified Holding to M-1, Light Industrial; this request also includes a recommendation that the City Council certify negative Declaration ND-03-02 as adequate environmental documentation for this project.

Community Development Director Bartlam reported that the project site is located east of Highway 99 on the north side of Kettleman Lane just beyond Beckman Road. A request was made to change the zoning designation from unclassified holding to light industrial. The change in zoning is necessary in order for the owner to develop the property with the proposed auto dealership repair facility. Dennis Plummer is the owner of the Pontiac, Cadillac, GMC, Buick dealership on south Cherokee Lane, as well as the Collision Center and Towing facility on Harney Lane just west of Stockton Street. It is Mr. Plummer's desire to consolidate his facilities to this single location and develop the new dealership on Kettleman. The project was annexed a couple of years ago as the Tecklenburg Beckman Annexation and the zoning was established at that time. Mr. Bartlam stated that the dealership is a good fit within the M-1 designation, and in particular, with plans that the adjacent property owner, the Geweke family, has for development of its holdings. Staff has found that the Light Industrial zoning is consistent with the General Plan and feels that the dealership will help to enhance the small auto mall of dealerships and related services that are located in the area. Staff recommends that Council certify the negative declaration, which was done specifically for the zone change request.

In reply to Mayor Hitchcock's inquiry as to what changes will be occurring in the area, Mr. Bartlam reported that Kettleman Lane will be widened as it is to the west where the Geweke property has already made the improvements. That widening will continue to the east, and prospectively continue as properties to the east ultimately annex and develop. There is a proposed street that will be constructed along the western boundary of the property straddling the two property lines and ultimately will connect to Guild Avenue. He stated that eventually there would be a traffic signal at Guild Avenue.

In response to questions posed by Council Member Hansen, Mr. Bartlam stated that there would be frontage improvements for the Plummer site. Eventually there would be a median continuing on Kettleman Lane; however, it would not be done as part of this project. Wally Sandelin, City Engineer, reported that the circulation master plan for Kettleman Lane provides for a two-way left striped configuration and in the future, as the area develops, it would become a median.

Hearing Opened to the Public

- Terry Piazza introduced himself as the engineer for the project and stated that the auto sales facility will be approximately three times the size that Plummer Pontiac is now. He anticipated that the project would break ground this summer.

Public Portion of Hearing Closed

Council Member Hansen noted that the number one sales tax generator in the City of Lodi is automobiles. He voiced support for the project.

Mayor Pro Tempore Howard commented that this will provide an opportunity to consider what type of frontage businesses, industries, or services the Council would like to see along Cherokee Lane where the properties have vacated. She spoke in support of staff's recommendation.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Howard second, unanimously took the following actions:

- Introduced Ordinance No. 1729 entitled, "An Ordinance of the Lodi City Council Amending the Official District Map of the City of Lodi and Thereby Rezoning 1331 and 1349 East Kettleman Lane (APN 049-250-53 And 049-250-52) from U-H, Unclassified Holding to M-1, Light Industrial"; and
- Adopted Resolution No. 2003-66 entitled, "A Resolution of the Lodi City Council Certifying the Negative Declaration (ND-03-02) as Adequate Environmental Documentation for the Rezone of Property Located at 1331 and 1349 East Kettleman Lane, Lodi."

- G-2 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Hitchcock called for the public hearing to consider a net energy (solar and wind generation) metering rate ordinance.

Rob Lechner, Manager of Customer Programs, reported that California law requires all electric service providers and/or municipal electric utilities to partner with residential and small commercial customers pursuing the installation of alternative energy sources including wind turbines and solar. State law also requires electric service providers to maintain a net metering agreement with residential or small commercial customers who install solar or wind turbine generation sources. This public hearing completes the second of a three-part process to adopt a net metering ordinance. Once adopted the ordinance will only apply to those residential and small commercial customers that install qualified solar or wind technology at their home or place of business. A net meter measures the difference between the electricity supplied by the City to the customer and the electricity generated by the eligible customer's generator, which is then fed back into the City's electric grid if not consumed by the customer. In the event the electricity generated by the customer exceeds the energy consumed during a 12-month period, payment shall be made for the excess energy and vice versa.

In response to questions by Council Member Hansen, Mr. Lechner stated that Lodi has one residential customer thus far that has installed solar on top of his roof. The only other solar system in Lodi was installed two years ago at the Municipal Service Center. The solar systems can provide ten kilowatt hours total production at peak and average three to five. Mr. Lechner reported that there are no wind turbines in Lodi.

Hearing Opened to the Public

None.

Public Portion of Hearing Closed

MOTION / VOTE:

The City Council, on motion of Council Member Land, Beckman second, unanimously introduced Ordinance No. 1730 entitled, "An Ordinance of the City Council of the City of Lodi Amending Title 13, Chapter 13.20, 'Electrical Service,' by Adding Section 13.20.225 Schedule NEM – Net Energy Metering."

H. COMMUNICATIONS

H-1 On recommendation of the City's contract administrator, Insurance Consulting Associates, Inc. (ICA), and Human Resources staff, the City Council, on motion of Council Member Land, Beckman second, unanimously rejected the following claim:

a) Leticia Haro, date of loss 3/12/03

H-2 Reports: Boards/Commissions/Task Forces/Committees – None

H-3 The following postings/appointments were made:

a) The City Council, on motion of Council Member Land, Beckman second, unanimously made the following appointments/reappointments to various boards and commissions:

East Side Improvement Committee

Bertha Castro	Term to expire March 1, 2006
Ruth Gastelum-Jimenez	Term to expire March 1, 2006
Eileen St. Yves	Term to expire March 1, 2006

Lodi Arts Commission

John Callahan	Term to expire July 1, 2005
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Lodi Senior Citizens Commission

Rose Lazzaro	Term to expire December 31, 2007
Lloyd "Jerry" Loberg	Term to expire December 31, 2006

Site Plan and Architectural Review Committee

Keith Selleseth	Term to expire January 1, 2007
Janis Birch	Term to expire January 1, 2006

H-4 Miscellaneous

a) City Clerk Blackston presented the cumulative Monthly Protocol Account Report through March 31, 2003.

I. REGULAR CALENDAR

I-1 "Adopt resolution approving the Final Development Impact Mitigation Fee Program Annual Report Fiscal Year 2001-02"

Wally Sandelin, City Engineer, recalled that the annual report was first presented to Council on December 18, 2002, and has been available for public review since that time. The annual report presents a summary of the year's expenditures, revenues, and fund balance. At the December 18 meeting Council requested that a summary of the annual revenues from the beginning of the program to the current fiscal year ending June 30 be prepared, which was provided under separate cover. Mr. Sandelin reported that no comments have been received by the public regarding the annual report.

In answer to questions posed by Council Member Hansen, Mr. Sandelin stated that repayments would be made toward the negative balance of \$1,458,331 under Fire, as additional fees come in. City Manager Flynn clarified that the City can borrow from one account to pay off another. He pointed out that if a city were to wait to build a fire station until all the homes were built, the fire station would not be there to provide services to the area when needed. It is necessary to build some facilities up front, recognizing that there will be development in the future and as those revenues come in, it pays back the fund. Mr. Sandelin projected that the negative balance would be erased in 20 years. Community Development Director Bartlam interjected that the projects identified in the impact fee program contemplate the full build out of the City General Plan, which could be 15 or 20 years hence.

Mayor Hitchcock expressed concern about whether the City is collecting sufficient dollars in impact fees. She pointed out that the impact fee program has been in existence for 12 years and asked where the funds are to build the next fire station. She had received a report from staff stating that there does not need to be a change in the fee structure.

Mr. Sandelin confirmed that no change in the fee structure is needed based on an update for the period ending June 30, 1999, which was adopted by Council in 2001. He noted that staff plans to springboard off the Affordable Housing Program study that Community Development is doing and perform a more comprehensive update of the fee program.

Mayor Hitchcock asked whether the money being set aside for the acquisition of future lands and the price per acre that the City is charging impact fees is sufficient, to which Mr. Sandelin answered in the affirmative.

**MOTION/ VOTE:**

The City Council, on motion of Council Member Hansen, Beckman second, unanimously adopted Resolution No. 2003-67 approving the Development Impact Mitigation Fee Program Annual Report Fiscal Year 2001-02.

- I-2 "Discuss and take appropriate action, if desired, for Council Members to contribute a share of cost toward their medical insurance premiums"

**PUBLIC COMMENTS:**

- Eileen St. Yves recalled that former City Attorney Robert Mullen said that if a Council Member is impacted as little as a dime one way or another, directly or by a member of their family, it is considered a conflict of interest for the Council Member to discuss or vote on the issue. She pointed out that one Council Member is retired from the City and another has a spouse formerly employed by the City. She asked them why they would not draw their benefits from another source, rather than having taxpayers pay for their medical insurance. She voiced support for Council Members contributing a share of cost toward their medical insurance premiums.

Council Member Beckman stated that this issue would affect all Council Members because they would be voting on their own benefits.

City Attorney Hays explained that state law specifically provides that health and other benefits are available to council members. The law contemplates that if the benefits are available, they can be put in place, and the only way they can be put in place is by action of the council. This is an exception to the conflict rules.

Mayor Pro Tempore Howard provided background on why this issue is being considered. She reported that Council has been meeting in discussions with labor organizations over the last couple of months and some of the decisions that came out of the agreements had to do with employees of certain unions participating in a cost-sharing arrangement with some of the medical costs. Based on that, it was suggested that Council also look at contributing a share of cost toward medical insurance premiums for dependents. She stated that the salary of a Council Member is \$500 a month. If Council Members were to pay \$80 a month as listed in the staff report it would equate to 17% of their pay. She believed that a proportionate amount of .2%, as was asked of City employees, should be considered for Council Members.

City Manager Flynn believed it was important to encourage people to run for City Council and stated that there needed to be some incentives. He pointed out that \$500 for the amount of hours it requires to fulfill the duties of a Council Member is well below minimum wage. He noted that disclosure laws also impede citizens from running for elected office. He recalled that nearly all of the Arts Commission members resigned when they were required to disclose their personal financial information. He agreed with Ms. Howard about considering a proportionate share of cost.

- Bob Johnson stated that if Council is going to sacrifice some of its benefits it should be symbolic rather than significant. He estimated that Council Members put in 35 to 40 hours a week, depending upon the number of committees they serve on. He noted that if a Council Member took the maximum benefits available to them it would amount to \$14,400 annually.

Council Member Land explained that he brought up this issue because he felt that if the Council was going to ask employees to pay a portion of their medical benefits that Council Members should do so as well. He commented that last week he took personal vacation time to attend a conference on behalf of the City. He spent 44 hours at the conference, which amounts to \$2.84 an hour. This week he spent 35 hours on Council business, which amounts to \$3.57 an hour. He shared the concerns that Ms. Howard and Mr. Flynn had raised. Using figures from the City's total payroll, the average City employee's salary is \$46,000. If they pay \$80 a month for the employee plus one dependent it equates to 2.1% of salary. The cost for a family rate is \$104 a month, which equates to 2.7% of salary. He recommended that there be no cost to Council Members for single coverage, that for an employee plus one the monthly charge be \$10.50 a month, and for family coverage the monthly charge be \$13.50. He commented that the Council has not had a pay increase in ten years.

Mr. Hays stated that there are specific dollar amounts established for Council Members salaries that relate to population size of the city. Council could opt, however, to institute a cost of living adjustment to their salaries. If this were agreed to, it would not take effect until there was an election subsequent to the action.

Council Member Beckman noted that employees who have been asked to share in their medical insurance cost have received COLA and salary increases; however, this is not being suggested for Council Members. He commented that his wife does not participate in the City's medical insurance, so the proposal would not affect him.

- Ms. St. Yves reported that Medicare is increasing 12% and in addition to that she has to pay for supplementary insurance. She asked how many thousands of dollars were paid to get Council Members elected to their positions.

Mayor Pro Tempore Howard noted that she does not take medical benefits through the City and stated that \$80 a month would be an unrealistic amount to pay based on a \$500 a month gross salary.

Council Member Hansen believed it was appropriate in the negotiations process for the City to open the door to employees beginning to pay a portion of their cost of health insurance. Employees that have been asked to pay a portion of their dependent coverage received large pay raises and many other benefits that Council does not receive. He pointed out that if Council Members were required to pay the same amount for their share of medical insurance, it is conceivable over time that with a \$500 a month salary, a Council Member could end up owing the City each month. He commented that he spends an enormous amount of time reading in preparation for Council meetings and service on other committees. He does not request reimbursement for every expense he occurs as a Council Member, as he considers it part of the job. He believed that the personal and family sacrifices Council Members make are worthy of the \$500 a month and health insurance benefits.

Mayor Hitchcock viewed the \$500 a month as a stipend and stated that much of it goes for various expenses, donations to local charities and organizations, etc. She favored making no change to the benefits offered to Council Members.

Council Member Beckman stated that he ran for office to make policy decisions and to be a civic leader, not for the salary, or to make symbolic gestures or vote on symbolic issues. He suggested that if someone legitimately thinks the Council is over or under compensated, a volunteer citizen commission should be formed to look at the compensation package and compare it to other cities.

Council Member Land reiterated that he felt it was important to share in the cost of medical insurance, as they have asked City employees to do.



MOTION #1:

Council Member Land made a motion that Council Members contribute a share of cost toward their medical insurance premiums as follows: single coverage, zero; employee plus one \$10.50 a month; and family coverage \$13.50 a month. The motion **died** for lack of a second.

In reply to questions raised by Council Member Hansen, Human Resources Director Narloch reported that Council previously elected that retirees would contribute toward their medical insurance and the City's contribution on their behalf would be \$16. The retiree pays the difference between the \$16 and the cost of their health insurance. By 2008 the City's contribution would escalate up to \$97. Mr. Flynn clarified that retirees pay 95% to 98% of the cost of their medical insurance.

Mayor Pro Tempore Howard was distressed that if Council does not vote to contribute a share of medical insurance costs that it may be perceived that Council Members are not participating with City employees and the community. She believed that Council Members do participate every day with the hours they dedicate, with the reading, and the research they do. In reference to Ms. St. Yves' earlier comment regarding the cost to get elected, Ms. Howard stated that some people choose to participate in those costs and some people chose not to and believed that that was the way it should be. She felt that Council should continue to receive a \$500 a month salary and have the option of whether or not to participate in the medical insurance, without a share of cost for dependent coverage.

NO ACTION TAKEN:

No action was taken by the City Council on this matter.

RECESS

At 9:15 p.m., Mayor Hitchcock called for a recess, and the City Council meeting reconvened at 9:25 p.m.

I. REGULAR CALENDAR (Continued)

- I-3 "Discussion of Council Appointee compensation and benefits – City Manager, City Attorney, and City Clerk (Government Code §54957)"

City Manager Flynn stated that he has developed balanced budget scenarios for 2003-05 that include sufficient money to allow for all City staff to receive salary increases according to the salary survey mean. He noted that Council should also consider, as part of this item, appointees contributing a share of cost toward their medical insurance.

Council Member Land stated that the City Manager, City Attorney, and City Clerk all received an excellent overall review by the Council. All appointees are providing a very high level of service to the community. Mr. Land emphasized that he is an advocate for paying employees fairly, which includes the three appointees. He encouraged Council to consider bringing the appointee's salaries up to the mean as shown in the salary survey.

Council Member Beckman noted that the City is in a tough financial time and difficult decisions will be faced in the future. He stated that Lodi is fortunate to have three excellent appointees and acknowledged that they received high evaluation ratings. He reported that the City Clerk's salary is significantly further below the mean than the other two appointees, and for that reason recommended giving a 2% raise to the City Clerk and holding off on the City Manager and City Attorney's salary increases until the City is in a better financial situation.

Council Member Hansen concurred with Mr. Land's previous comments. He stated that the City has three appointees that work very hard and suggested that as was done with the bargaining units, their pay increases be split between each year of the 2003-05 budget and require them to pay a portion of their medical insurance.

Mayor Pro Tempore Howard stated that she received calls and e-mail communications regarding this matter and many were opposed to providing salary increases. She felt that the appointees have huge responsibilities and should be recognized with an increase in compensation. She recommended a 2% increase for all three appointees and pointed out that they previously received a 3% cost of living adjustment. She also was in support of the appointees contributing a share of cost toward their medical insurance.

Mayor Hitchcock concurred with Mr. Beckman's comments and stated that fair compensation can be considered once it is known what the State's budget impact will be on the City. She noted that there have been situations where city department heads and appointed staff have not received raises in three years. She stated that Council's recommendations need to reflect what is going on in the public sector and believed that is what constituents would want. She acknowledged how far below the mean the City Clerk was and recalled that the City had hired her at a lower salary with the intent to bring it up in the future. She wished the Council had hired the City Clerk at a higher salary because it makes it difficult to do it now. She suggested that salary increases be held off until the end of the year or after it is known what the budget may be like in 2004-05. She recalled that the City Manager has provided differing forecasts on the upcoming budget, which has caused her concern. She believed that it was important for top City management to set the lead for what could happen with other bargaining units. She commented that if Council Member Beckman made a motion on his recommendation she would second it.

Council Member Beckman was not opposed to waiting until September or October as long as any pay increase decided upon at that time would be retroactive.

Council Member Hansen pointed out that giving a 2% pay increase and asking appointees to pay a portion of their medical insurance, basically nullifies the increase.

MOTION #1:

Council Member Hansen made a motion, Beckman second, that no action regarding compensation and benefits for Council Appointees be made until after the City has adopted the 2003-05 budget, and at that time it be reviewed by Council to consider whether or not to take action or delay it until the State's budget impacts are known and mid-year adjustments are made.

DISCUSSION:

Mayor Pro Tempore Howard urged Council not to delay action on this item as she felt its postponement would be disrespectful to the appointees. She was also opposed to the suggestion of splitting the pay raises over a two-year period, because appointees are evaluated annually. She recommended a 2% increase for all three appointees, and in response to Mr. Hansen's previous comment, she suggested that there not be a requirement for them to contribute a share of cost toward their medical insurance.

Council Member Land stated that because it does not appear there is support on the Council to raise the appointees salaries to the salary survey mean, he would consider a recommendation to give all three appointees a 2% increase at this time and reevaluate their salaries in six months for a possible additional retroactive pay increase.

Mr. Flynn recalled that ever since Mayor Hitchcock has served on the Council she has always predicted that the City would have hard economic times. Mr. Flynn stated that he predicts the City will have good economic times. The City will do well, continue to move forward, and will not need to compromise its goals or objectives. The City has not yet reached a point where it has had to cutback any of its programs or activities. Staff is looking closely at costs and using dollars as efficiently as possible.

Council Member Hansen **withdrew** his motion, and Council Member Beckman **withdrew** his second.

MOTION#2

Council Member Hansen made a motion, Land second, to adopt Resolution No. 2003-68 authorizing a two percent salary increase for Council Appointees, i.e. City Manager, City Attorney, and City Clerk, effective the next pay period (beginning April 28, 2003), and further that Council review the Appointee salaries again in six months and if additional salary increases are authorized at that time that they are retroactive to the effective date of this action.

DISCUSSION:

Mayor Pro Tempore Howard asked for clarification on whether the purpose for reviewing appointee's salaries again in six months was for considering an increase or for withdrawing it.

Council Member Hansen replied that the review would be for the purpose of considering additional pay increases.

In reply to Mayor Pro Tempore Howard, Mr. Flynn reported that previous action to make pay increases retroactive is usually to January or June; however, he normally did not recommend retroactive pay increases.

VOTE:

The above motion carried by the following vote:

Ayes: Council Members – Hansen, Howard, and Land

Noes: Council Members – Beckman and Mayor Hitchcock

Absent: Council Members – None

NOTE: Discussion ensued regarding how to handle the remaining items on the agenda.

I-4 "State Budget Update" was ***pulled from the agenda.***

I-5 "Review capital improvement budget submitted as part of the 2003-05 Financial Plan and Budget"

MOTION / VOTE:

The City Council, on motion of Council Member Land, Beckman second, voted to continue the subject matter to a Special City Council meeting at 7:00 am. on April 22, 2003. The motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Howard, and Land

Noes: Council Members – Mayor Hitchcock

Absent: Council Members – None

I-6 "Adopt resolution approving water sale agreement between Woodbridge Irrigation District and the City of Lodi"

Public Works Director Prima stated that this is a very important issue regarding the future water for the City of Lodi. He reported that there is a declining water table in the City and the entire eastern San Joaquin basin. The City has been active in efforts to reverse this trend over the past years, but progress has been very slow. In the south county great strides have been made, in which the cities of Tracy, Manteca, and Lathrop banded together to work with the South San Joaquin District and enter into an agreement to build a water treatment plant, major pipeline, and purchase water from them for their municipal needs. The water decline in the Lodi area is approximately .3 feet per year. Lodi is a contributor to the decline because the City pumps more water than is being replenished.

Mr. Prima stated that growth is another reason more water is needed. State laws require that cities prove they have a water supply before new development is approved. He noted that the issue of whether Lodi has adequate water supply for the future development of the City will come up when the general plan is updated. There is a possibility that at some

point the basin would be adjudicated, which is a process that involves numerous lawsuits among various water agencies that pump groundwater. The status of the City of Lodi as a municipal appropriator of groundwater is below that of a private property owner who is pumping groundwater. Property owners have overlying water rights that are well established in the state and take precedence over appropriations of water. An outcome of adjudication of the basin could be that Lodi is limited at a certain amount of water that it could pump.

Mr. Prima reported that the City has been working with County interests and other water agencies for many years to try and bring more surface water into the county. Unfortunately in the north county they have been unsuccessful. A recent effort undertaken was an attempt to work with East Bay Municipal Utility District (EBMUD) on a conjunctive use program where EBMUD could provide surface water for injection into the ground in San Joaquin County and in dry years take a portion of that water out for their needs in the bay area. It was called the Beckman Test Project and was not successful. The most recent effort was Lodi's participation with the County in the Mokelumne River Water and Power Authority. This project is to perfect a water right that the County applied for ten years ago on the Mokelumne River, in which Lodi could participate. The project could involve the following alternatives:

- Building a dam on the river;
- Building an off stream reservoir at Duck Creek; the cost for developing that water would be roughly \$400 an acre foot; and
- Having withdrawals on the Mokelumne River downstream from Pardee and Camanche at various locations.

Mr. Prima stated that other alternatives would involve contracts with other entities, although the only entities that have water in the Lodi area are Woodbridge Irrigation District (WID) and EBMUD. The City could also go to a recycling program where wastewater was treated to a much higher level than is done now and build a dual distribution system.

The 40-year water sale agreement is for 6,000 acre feet of water annually to the City. Lodi would get water in all years. During dry years the City would receive 3,000 acre feet and can carryover the amount of water in the dry years and take it in the wet years. The agreement is for \$1.2 million annually, which equates to \$200 an acre foot, or \$20 per person. Lodi would then build the facilities needed to take the water. The carryover would also apply to water in the first three years of the agreement. The City could bank the water on paper and take it in wet years. Mr. Prima reported that various alternatives as to how to use the water are currently being studied. Staff believes there is a viable alternative that would involve groundwater injection in Lodi, which would allow the City to take the water, filter it, put it in the ground, and take it out of the well system. Mr. Prima stated that key to the agreement is a provision for additional water at \$100 an acre foot. The agreement also provides for wheeling additional water at \$20 an acre foot if the City were able to obtain a water supply from someone else. The City can use the canal for delivery and distribution of water. There is a price escalator after six years based on the CPI, which is capped at a maximum of 5% and minimum of 2%. There is a provision for a validation of the agreement. WID plans to issue debt financing and because the agreement is being used as security for its debt service, the agreement would be part of the validation action. Should there be some other water agency who challenges this agreement it would have to voice its concerns during the validation action. If something came of the validation that put an onerous burden on the WID or the City, Lodi would have a chance to back out. WID's project to build the dam is estimated at \$20 million. It will provide for year-round water in Lodi Lake. WID has received permits for the project. There are also provisions in the agreement that give the City the first right of refusal on any other deals that WID might entertain should it find additional water in the future. Its additional water is due to a combination of conservation practices by growers changing to drip irrigation systems and urbanization of lands. Mr. Prima reported that North San Joaquin Water Conservation District does not have a firm water supply. Its contract has

expired and it is now petitioning for an extension. The District has submitted communication (filed) to the Council, which supports this agreement. Mr. Prima stated that a water rate increase will be necessary in the future. If Council decides it wants to allocate a portion of this water to new development, then a part of the cost could be charged to the impact fee program. In summary, Mr. Prima stated that the agreement is a very good deal, and believed that the City would not see a better one. He wholeheartedly recommended that Council adopt the resolution approving the water sale agreement.

In reply to questions by Council Member Hansen, Mr. Prima explained that the City charges a metered water rate for approximately two thirds of its commercial and industrial customers. All of the City's residences are on a flat rate charged per number of bedrooms. He anticipated a 20% rate increase in the coming fiscal year. Options to lessen the rate increase would be to scale back on the capital program or charge some of the cost to the development impact fees.

Council Member Hansen was not in favor of reducing the capital replacement program. He voiced support for the water agreement because he felt it was a proactive approach and also for the benefits of having Lodi Lake filled year round.

Anders Christensen, WID Manager, introduced the following individuals:

- Bill Stokes, Chairman of the Board
- Dan Gallery, WID attorney
- Jim Hanson, WID engineer
- Mark Chandler, Lodi District Winegrape Commission

Mr. Christensen reported that on April 8 the WID Board unanimously approved this agreement. It views this as an historic opportunity for the City, as well as the agriculture community to continue a closely aligned economic tie. He reviewed the permit approvals that the WID has obtained.

Council Member Land asked whether the City could get an extension on the 40-year contract, to which Mr. Christensen stated that he believed it to be a fair and balanced deal for both parties and noted that the agreement does include a provision for a renewal.

In response to Mayor Hitchcock regarding the price of the water, Mr. Christensen offered examples such as the Oakdale, South San Joaquin agreement to provide water to Lathrop at \$450 an acre foot. He reported that the County's groundwater management plan has several proposals for water, which range from \$200 to \$400 an acre foot. South San Joaquin has a ten-year agreement with Stockton for \$50 an acre foot. He believed that in terms of new source water, \$200 an acre foot is average or slightly low. Mr. Christensen pointed out that this agreement allows for the money and the water to stay in the community.

In reply to Council Member Hansen, Mr. Christensen confirmed that Lodi would still get the water irregardless of whether WID moved forward with the dam project.

City Manager Flynn explained that water is essentially free for public agencies. The cost is in collecting, transporting, distributing, and processing it. When Lodi delivers water outside the City it charges 150% of cost. He stated that with the proposed agreement, Lodi is virtually getting water at cost.

Council Member Beckman asked if any of the following amendments could be made to the agreement to make it more "palatable":

- Extend the agreement for a 60- or 80-year term;
- Make firm, the agreement to negotiate at the end of the term;
- Add an automatic extension;
- Provide the extra water above 6,000 acre feet at a reduced price;
- Provide a guarantee of extra water.

Mr. Christensen replied that WID has worked with City staff on the agreement for five months and brought to Council what was thought to be the best possible agreement for Lodi and what the WID Board would accept.

Dan Gallery, attorney for WID, read the following excerpt from the agreement, "Upon receipt by the District, a written notice and a request for a renewal from the City, at least two years in advance of the end of the 40-year term, the District agrees to negotiate with the City for a renewal of this agreement for an additional 40-year term on terms and conditions that are reasonable, equitable, and satisfactory to Woodbridge Irrigation District." He noted that following that statement is a provision that gives the City the first right of refusal in the event WID should find in the future that it has some additional water that could be sold. Lodi would have the first right of refusal to purchase it at whatever the market would bring for the water.

In response to Mayor Hitchcock, Mr. Gallery read the following excerpt from the agreement, "The District agrees that it will not enter into any agreement during the initial term of the agreement to provide water to others outside of the District except upon terms which provide that such supply shall be subordinate to the City's rights to be furnished water under this agreement. The City shall have a first right of refusal to purchase any water which the District agrees during the initial term of this agreement to provide to any other purchaser upon the same terms and conditions provided in such other proposed sale." Mr. Gallery did not believe the District would be interested in rewriting the agreement to wrap a first right of refusal in a second 40-year term. He stated that the City is not guaranteed the first right of refusal in the second term.

Mayor Pro Tempore Howard cautioned that if Lodi's requests become excessive or unreasonable, the other party can walk away. It has already been established that other communities would be interested in such an agreement. She expressed her appreciation for the contract and thanked Mr. Prima, Mr. Christensen, and other representatives of the WID. She thanked the WID for coming to Lodi first with the offer. She was pleased with the contract and believed it to be fair and well thought out.

In reply to various questions posed by Mayor Hitchcock, Mr. Prima explained that there are two fundamental classifications for water rights in California, i.e. pre-1914 and post. Pre-1914 water rights are very secure from state re-appropriation. Mr. Gallery added that there is a general doctrine in water law that if someone has an appropriated right and there are several continuous years of non use, they can lose that portion of their right. There is a statute in the Water Code that states when water is conserved by an appropriator, that that water is not lost by non use and can be marketed and sold. He noted that the water in the proposed agreement is water that has been conserved by a pre-1914 appropriator and can be sold. Mr. Prima reported that the City has begun a study with Saracino Kirby Snow and will come back to Council with details on how Lodi might use the surface water. He reiterated that existing legislation requires that in order to approve development, cities must prove that they have adequate water available. Currently there is a threshold of 500 units on projects that require such analysis. Community Development Director Bartlam added that it would not surprise him to see that threshold number decrease in future legislation. The notion of mandatory water meters is also being considered by legislators. Mr. Prima reported that the water from WID would be less hard. It would need to be filtered to remove turbidity and other particles. Staff is confident that the groundwater injection can be done and that it would be cost effective. If this agreement were not approved, Mr. Prima estimated that there could be challenges in the next two to three years when the Urban Water Management Plan is done.

In reply to Council Member Hansen, Mr. Prima acknowledged that having water in Lodi Lake year round would help the underground water situation.

Council Member Hansen asked whether there was anything to address a situation where there was no water in the Mokelumne River or the WID canal, to which City Attorney Hays stated it was a scenario that he did not believe anyone could contemplate as actually happening.

In answer to Council Member Beckman, Mr. Gallery explained that the WID water right is held in the name of and is owned by the District. The water right is for the benefit of the lands that it serves. Ultimately the landowners are the beneficial owner of the right to use the water, but title to the water right is in the District.

Regarding Council's concern about the price of the water, Mr. Gallery pointed out the time to get water that did not cost very much was in the 1950s and 1960s, building dam projects; however, Lodi did not do that. It is very difficult to get a water right today. Mr. Gallery stated that the only time it is possible to get a right to divert water is during wet winter months and then huge storage projects need to be built in order to get the water during the wet months of the wet years.

PUBLIC COMMENTS:

- Mark Chandler stated that he was speaking as a concerned private citizen. He believed the water sale agreement to be a historic opportunity. He stated that informed citizens he has spoken to about this issue are very concerned about water security and the degradation of the groundwater supply, and they are willing to absorb whatever increases in cost that it takes to take advantage of this opportunity. The water sale agreement will ensure the long-term economic benefit and prosperity of the community. He encouraged Council to unanimously adopt the resolution approving the water sale agreement, which will provide water supply, tourism, recreation benefits year round, and opportunities to improve the environmental and agricultural impacts.

MOTION:

Council Member Hansen made a motion, Land second, to adopt Resolution No. 2003-69 approving a water sale agreement between the Woodbridge Irrigation District and the City of Lodi.

DISCUSSION:

Council Member Beckman stated that he would support the motion, though he has many concerns about the various terms and conditions of the contract. He commented that he was glad to see North San Joaquin Water Conservation District come forward with an offer to help Lodi by providing its excess water at virtually no cost, which he believed showed a true partner and commitment to intertwined use with the groundwater basin.

Mayor Hitchcock stated that she had concerns about whether there was an immediate need for the water. She suggested that conservation measures be considered, such as requiring circulating pumps in new homes, and revisiting the water meter concept.

In response to Mayor Hitchcock's comment about the immediate need for the water, Mr. Prima explained that it takes decades to make improvements to water supply.

VOTE:

The above motion carried by a unanimous vote.

VOTE TO CONTINUE WITH THE REMAINDER OF THE MEETING

The City Council, on motion of Mayor Pro Tempore Howard, Hitchcock second, unanimously voted to continue with the remainder of the meeting following the 11:00 p.m. hour.

I. REGULAR CALENDAR (Continued)

- I-7 "Adopt resolution authorizing Library Administration to partner with Stockton-San Joaquin County Public Library in the acquisition, implementation, and ongoing maintenance of an integrated library system; and approve funding as recommended by the Lodi Public Library Board of Trustees (\$150,000)"

Library Services Director Martinez explained that the library's computer server is no longer supported by its manufacturer, nor does the library have support for its current software application. The residents of Lodi and library users frequently ask for the services that integrated library systems could offer. Most commonly they ask to view and interact with the library's catalog over the Internet. She encouraged Council to approve the partnership with Stockton-San Joaquin County Public Library, which would also provide the Lodi Library with needed technical expertise. The Library Board of Trustees has earmarked \$150,000 in library funds to be allocated for the integrated library system.

In reply to Council Member Beckman, Ms. Martinez stated that the funding option was not brought to Council previously because it was viewed as savings and the Board wanted to protect it and maintain a healthy balance.

In answer to Mayor Hitchcock, Finance Director McAthie explained that the City gives the library a portion of the property tax. In addition, the library has grant funding. Any funds it does not use rolls into its reserve. City Manager Flynn reported that the library's operating budget is approximately \$1.2 million a year and its reserve is currently over \$600,000.

Council Member Beckman commented that considering the library's reserve fund balance he was glad to have voted against the previous proposal to take the funding from the City's general fund.

Council Member Hansen noted that this was the library's third presentation to Council for this request. He stated that he would support the recommendation; however, he felt that this funding option should have been presented to Council during the first presentation.

Council Member Land concurred with Council Members Beckman and Hansen's comments. He recalled that he was one of two Council Members that voted in favor of the Library's original request to fund the integrated library system out of the general fund and felt that he had been misled. He stated that he would support the recommendation, but was very disappointed that Council was not made aware earlier that \$600,000 was available in the Library's reserve account.

MOTION / VOTE:

The City Council, on motion of Council Member Land, Hansen second, unanimously adopted Resolution No. 2003-70 authorizing Library Administration to partner with Stockton-San Joaquin County Public Library in the acquisition, implementation, and ongoing maintenance of an integrated library system; and approved funding as recommended by the Lodi Public Library Board of Trustees.

- I-8 "Adopt resolution authorizing the City Council to approve Lodi Electric Utility renewable energy portfolio standard"

Sondra Huff, Senior Electric Utility Rate Analyst, reported that Senate Bill 1078 sets forth a specific standard for electric sellers other than municipal utilities. As a municipal utility, although excluded from the 20% target of retail sales to be supplied by renewable resources by 2017, the Utility is required to have Council adopt a renewable portfolio standard. She stated that the Utility is already far in excess of the 20% target.

Council Member Land commended Ms. Huff for all the work she did at the Northern California Power Agency (NCPA) Rally in Washington D.C. and stated that she did an outstanding job.

MOTION:

Council Member Land made a motion, Hansen second, to adopt Resolution No. 2003-71 approving the following renewable energy portfolio standard for the City of Lodi Electric Utility: Lodi Electric Utility intends to obtain more than 20% of its electrical energy from renewable sources, including large hydroelectric facilities, each year through 2017.



DISCUSSION:

Council Member Hansen also commended Ms. Huff for her work related to the NCPA Rally. He stated the timing of the Rally was excellent, as congress was then debating the energy bill. The issue for NCPA is that the energy bill not have an electricity title. Mr. Hansen believed that Lodi left its mark in terms of expressing its concerns.

VOTE:

The above motion carried by a unanimous vote.

J. ORDINANCES

- J-1 Ordinance No. 1728 entitled, "An Ordinance of the City Council of the City of Lodi Authorizing Amendment to the Contract Between the City of Lodi and the Board of Administration of the California Public Employees' Retirement System" having been introduced at a regular meeting of the Lodi City Council held March 19, 2003, was brought up for passage on motion of Council Member Hansen, Beckman second. Second reading of the ordinance was omitted after reading by title, and the ordinance was then adopted and ordered to print by the following vote:

Ayes: Council Members – Beckman, Hansen, Howard, Land, and Mayor Hitchcock  
Noes: Council Members – None  
Absent: Council Members – None  
Abstain: Council Members – None

K. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

- Mayor Pro Tempore Howard commented that she and Mr. Hansen had an opportunity on Monday to participate in a youth service award program sponsored by Geweke who contributes a total of \$12,000 toward the program. She stated that it was wonderful to see non-profit agencies making a difference in the community.

L. COMMENTS BY THE CITY MANAGER ON NON-AGENDA ITEMS

None.

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 11:58 p.m.

ATTEST:

Susan J. Blackston  
City Clerk